

In the final stages of securing IBM/GRIT sales

Total Brain (ASX:TTB) is the developer of a neuroscience-based mental health & fitness platform powered by the largest standardized neuroscientific database in the world formed over almost two decades and with \$50m of R&D funding. Total Brain reported Q1 FY21 cash receipts of \$0.8m, up 15% on Q1 FY20 cash receipts after adjusting for the annual payment from AARP. Including AARP, cash receipts were down 24% on Q1 FY20. Monthly cash burn was \$1.25m in Q1 FY21 versus \$0.8m in the same period in FY20, chiefly due to increased employee costs from selected hires in sales and technology and increased expenditure on intellectual property. Importantly, Total Brain announced that it has entered the procurement stage of the contracting process with the first paying government client of the IBM/Mental Fitness 360 platform, for an initial rollout of its GRIT application. Total Brain estimates this represents \$0.65m in Annual Recurring Revenue (ARR). We have made some modest adjustments to our employee cost forecasts and revenue rollout with the IBM Mental Health 360 program and this has resulted in our base case valuation tempering to \$1.28/share (prev. \$1.29/share).

Business model

Total Brain operates a subscription as a service (SaaS) model for its mental health and fitness platform. The science behind the platform has been developed over almost two decades with input from the leading academic institutions in the field. This has generated a proprietary neuroscientific database of scale which underpins the scientific validation that differentiates Total Brain from other brain training and wellness applications. The app assesses the 4 core brain capacities (emotion, feeling, cognition, self-control), pre-screens 7 common mental health conditions & delivers personalised brain & mind/body training.

Significant progress on IBM/Mental Health 360 rollout

Total Brain has entered the procurement (final) stage of the contracting process with the first paying government client of the IBM/Mental Fitness 360 platform, with this first application representing an initial \$0.65m in ARR to Total Brain. The company doesn't mention the agency in the announcement but it is likely to be US Veterans, for which TTB successfully completed a pilot late last year. This rollout constitutes 10% of the estimated 250,000 US Veterans which transition out of the armed forces annually. Total Brain expects the procurement phase to be completed in this current quarter and first revenues to be received in the first quarter of CY2021. This opening phase is expected to lead to an expanded rollout to the client's eligible population as well as accelerate other opportunities in the joint Total Brain/IBM pipeline.

Base case valuation is \$1.28/share

We use the discounted cashflow methodology to value Total Brain. We have made some adjustments to our employee forecasts, timing of revenues from IBM and net cash position following the Q1 cashflow statement resulting in a minor reduction in our DCF valuation to \$1.28/share (previously \$1.29/share). In our view, continued momentum with new contracts, in particular with the IBM/Mental Fitness 360 platform, should underpin Total Brain's share price performance in the short to medium term.

Historical earnings and RaaS Advisory estimates

Year end	Revenue (A\$m)	EBITDA reported (A\$m)	NPAT reported (A\$m)	EPS* (c)	EV/Sales (x)
06/19	2.6	(6.7)	(8.6)	(12.21)	5.1
06/20	3.9	(7.4)	(7.6)	(8.07)	5.1
06/21e	6.4	(6.9)	(5.3)	(4.85)	4.5
06/22e	14.1	(1.8)	(1.7)	(1.60)	2.3

Source: Company data, RaaS Advisory Estimates for FY21e, FY22e *adj for one-time items

Healthcare services

2 November 2020

Share details

ASX Code	TTB
Share price	\$0.315
Market Capitalisation	\$37.8M
Shares on issue	108.3M
Net cash at Sept 30	\$7.0m
Free float	~57%

Share performance (12 months)



Upside Case

- Highly scalable SaaS model
- Significant validation from IBM choosing the platform as the engine for Mental Health 360
- Targeting predominantly US corporates and consumers

Downside Case

- Enterprise sales cycle for the B2B product takes from 9-18 months
- New consumer product yet to be fully trialled in market
- Commercial success to date has been elusive

Board of Directors

Dr Evian Gordon	Executive Chairman/ Founder
Louis Gagnon	Managing Director/ CEO
Matthew Morgan	Non-Executive Director
David Torrible	Non-Executive Director
David Daglio	Non-Executive Director

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Q1 result

Total Brain reported cash receipts of \$0.8m for Q1 FY21, which was down on that reported in Q4 FY20 and Q1 FY20. Both these previous quarters included an annual upfront payment from a client. Ironing these out, cash receipts were respectively up 15% and 12% on Q1 FY20 and Q4 FY20. Employment costs (\$2.5m) in Q1 FY21 were higher, reflecting some selective hires in sales and technology. We have taken this into account in our forecasts going forward, bringing forward cost increases that we had previously factored into the back half of FY21. The company also ended the quarter with net cash of \$7.0m, down from \$10m at June 30.

Exhibit 1: Q1 FY21 results			
Ending quarter	Q1 FY20*	Q4FY20^	Q1 FY21
Cash receipts	1.05	1.71	0.80
Payments to employees/ suppliers	(2.76)	(2.66)	(3.60)
IP expenditure	(0.68)	(1.48)	(1.01)
Cash burn for the quarter	(2.40)	(2.43)	(3.82)
Monthly cash burn	(0.80)	(0.81)	(1.27)
Source: Company data, RaaS analysis *includes annual payment of \$0.35m from AARP ^includes a \$1m upfront annual payment			

Operational progress

IBM/Mental Fitness 360 platform

Total Brain announced it is in the final stages of the contracting process with the first paying US government client of the IBM/Mental Fitness 360 platform. To the company, this represents initial Annual Recurring Revenue of \$0.65m. The procurement phase is expected to be finalised this current quarter and is the final step in the contracting process which has already been through the following steps:

- An agreement for a pilot with a subset of the client's population and subsequent successful execution of the pilot;
- A Master Service Agreement detailing the full commercial and product terms between IBM and TTB; and
- A contract vehicle between IBM and the government client.

Total Brain does not mention which agency in its release but we note that the company completed a highly successful pilot with a 1,403 US veterans from July to November 2019 and so we deduce that the contracting agency is US Veterans. The company anticipates that the rollout to end users, which constitutes 10% of the individuals who transition every year out of the armed forces. According to a February 2017 paper by Watson Brown University, an estimated 250,000 military personnel transition out of the armed forces each year.¹ Based on this estimate, the initial rollout commencing towards the end of this current quarter, is likely to be to 25,000 US veterans. TTB expects that first revenues will be received in Q1 CY2021, subject to contracting risks and processing delays. Success should see the program rolled out to more of this agency's 18m eligible population and accelerate other opportunities identified by IBM and Total Brain.

Our forecasts currently anticipate that just 5.0% of the 27m potential users identified by Total Brain and IBM (18m US veterans, 3.4m in other populations in transition and 5.5m in recovering addicts – or 25% of total recovering addicts) will be using the platform by June 2029. This equates to 1.5m users on our base case estimates. Our dimensioned upside case assumes 2.1m users by FY29 and downside case 1.1m.

1

https://watson.brown.edu/costsofwar/files/cow/imce/papers/2017/Zogas_Veterans%27%20Transitions_CoW_2.1.17.pdf

Exhibit 2: Forecasted IBM/Mental Health 360 users/clients at June 2029

	Base case	Downside Case	Upside Case
IBM/Mental Health 360 penetration at June 2029	5.0%	3.6%	7.2%
IBM /Mental Health 360 clients at June 2029 (Million)	1.5	1.1	2.1

Source: RaaS forecasts

Further, our estimates for revenues derived from the IBM/TTB JV are expected to become a meaningful contributor to Total Brain's revenues overall. Our expectation is that Total Brain will generated \$0.32m in revenue in FY21 with this all falling in the second half following finalisation of the US Veterans' procurement process. With this program successfully deployed, we anticipate further rollout to US veterans as well as other populations in transition. Our forecasts envisage the platform securing 500,000 users by FY24, at which point, we expect volume discounts to kick in (hence the small decline in revenues this year versus FY23).

Exhibit 3: IBM Mental Health 360 forecasted revenues and share of total revenues

	FY21	FY22	FY23	FY24	FY25
Revenues (in A\$m)	0.32	4.09	10.85	10.31	12.60
Share of total revenue	5%	29%	39%	27%	21%

Source: RaaS Estimates

The cashflow generated in our forecasts from this platform account for \$0.41 of our \$1.28/share valuation.

Clinical market

The company reported that it has pilots underway at five clinics representing ~4,500 addressable patients and given the traction it is securing in these pilots, has already commenced migrating the majority of the 115 clinical clients onto its platform. This represents \$0.3m in ARR and is expected to be completed by calendar year end.

Mental Health Index

Total Brain's Mental Health Index, which tracks the mental wellness of US employees through the COVID-19 pandemic, has gained two new partners in the American Health Policy Institute and the HR Policy Association, which represents the Chief Human Resources Officers of 390 of North America's largest organisations covering more than 20m employees in the US and globally.

NeuroTunes

During the quarter, Total Brain launched NeuroTunes, a neuro-scientifically composed music and soundscapes module aimed at reducing anxiety and stress. TTB partnered with acclaimed composer and producer John Vitale and had integrated the latest neuroscience research on music and emotions into the module. Within two weeks of launch, NeuroTunes accounted for 20% of all content consumed on the platform.

Commercial leads and additional agreements

In Q1 FY20, the company also secured an additional four SME clients totalling \$0.04m in ARR via its Kaiser Permanente channel partner relationship and direct marketing leads. The company's account-based marketing program also qualified 30 new marketing leads per month during the quarter, versus the 19 per month qualified in the pre-COVID-19 environment.

DCF valuation

We are of the view that the discounted cashflow methodology is the most appropriate methodology for valuing early stage companies. We have incorporated higher employee costs following the Q1 cashflow statement, pushed out revenues from the IBM Mental Health 360 platform until H2 FY21 and taken into account the September 30 net cash position which has resulted in a small reduction to our base case

valuation, now \$1.28/share (previously \$1.29/share). Our WACC has been lifted to 15.0% to take into account a higher equity risk premium of 7.0% (previously 6.5%) which we have applied across the board to our estimates. If we include the 6.94M \$0.80 options issued to employees and with various expiry dates, the valuation is \$1.20/share. Our terminal value is \$0.68/share within this valuation. Our valuation incorporates a 10 year CAGR in free cashflows of 35.7% versus 21.7% implied in the current share price.

Exhibit 4: Base Case DCF valuation	
Parameters	Outcome
Discount Rate / WACC	15.0%
Beta	2.0
Terminal growth rate assumption	2.20%
Sum of PV	61.6
PV of terminal Value	69.6
PV of Enterprise	131.2
Debt (Cash) at Sept 30	(7.0)
Net Value - Shareholder	138.2
No of shares on issue (m) + in the money options	108.6
NPV	\$1.28
Source: RaaS estimates	

Exhibit 5: Financial year financial summary

Total Brain (TTB.AX)						Share price (October 30 2020)						A\$	0.32				
Profit and Loss (A\$m)						Interim (A\$m)						H119A	H219A	H120A	H220A	H121F	H221F
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	Revenue	H119A	H219A	H120A	H220A	H121F	H221F					
Revenue	2.6	2.6	3.9	6.4	14.1	EBITDA	(4.4)	(3.7)	(3.8)	(3.6)	(4.0)	(2.9)					
Gross profit	2.5	2.3	3.2	5.4	12.0	EBIT	(4.5)	(4.0)	(3.9)	(3.7)	(4.2)	(3.1)					
GP margin %	95.3%	87.8%	83.4%	84.7%	84.7%	NPAT (normalised)	(4.5)	(4.1)	(3.9)	(3.7)	(3.0)	(2.3)					
EBITDA	(4.9)	(6.7)	(7.4)	(6.9)	(1.8)	Minorities	0.0	0.0	0.0	0.0	0.0	0.0					
Deprn	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	NPAT (reported)	(4.5)	(4.1)	(3.9)	(3.7)	(3.0)	(2.3)					
Amort	(0.1)	(0.4)	(0.2)	(0.4)	(0.4)	EPS (normalised)	(6.9)	(0.6)	(4.8)	(3.3)	(2.8)	(2.1)					
EBIT	(23.4)	(7.2)	(7.7)	(7.3)	(2.2)	EPS (reported)	(6.9)	(0.6)	(4.8)	(3.3)	(2.8)	(2.1)					
Interest	(0.5)	0.0	0.0	0.1	(0.2)	Dividend (cps)	0.0	0.0	0.0	0.0	0.0	0.0					
Tax	0.8	0.0	0.0	2.0	0.7	Imputation	30.0	30.0	30.0	30.0	30.0	30.0					
Minorities	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(2.3)	(3.4)	(4.3)	(1.7)	(0.6)	(2.1)					
Equity accounted assoc	(0.0)	0.0	0.0	0.0	0.0	Free Cash flow	(1.0)	(2.0)	(3.2)	(0.1)	0.5	(1.0)					
NPAT pre significant items	(23.1)	(8.6)	(7.6)	(5.3)	(1.7)	Divisionals	H119A	H219A	H120A	H220A	H121F	H221F					
Significant items	0.0	0.0	0.0	0.0	0.0	Total Brain - Corporate	0.9	0.9	1.1	1.2	1.6	2.0					
NPAT (reported)	(23.1)	(8.6)	(7.6)	(5.3)	(1.7)	Total Brain Affinity	-	0.2	0.1	0.3	0.6	1.7					
Cash flow (A\$m)							Other revenues	0.2	0.4	1.0	0.2	0.2	0.3				
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	Total Revenue	1.1	1.5	2.2	1.7	2.4	4.0					
EBITDA	(4.9)	(6.7)	(7.4)	(6.9)	(1.8)	Gross profit	1.0	1.3	1.8	1.4	2.0	3.4					
Interest	0.0	0.0	0.0	0.1	(0.2)	Gross Profit Margin %	89%	87%	82%	85%	85%	85%					
Tax	0.0	0.0	0.0	0.0	0.0	Employment	2.8	2.7	3.7	3.1	4.2	4.4					
Working capital changes	1.0	1.1	1.4	4.2	0.7	Marketing	0.4	0.4	0.4	0.5	0.5	0.5					
Operating cash flow	(3.9)	(5.6)	(6.0)	(2.6)	(1.3)	Other costs	1.2	1.3	1.5	1.2	1.3	1.3					
Mtce capex	0.0	0.0	(0.1)	(0.1)	(0.1)	Total costs	4.4	4.4	5.6	4.8	6.0	6.3					
Free cash flow	(3.9)	(5.6)	(6.1)	(2.7)	(1.4)	EBITDA	(3.4)	(3.1)	(3.8)	(3.4)	(4.0)	(2.9)					
Growth capex	(1.7)	(2.7)	(2.6)	(2.0)	(2.0)	Margins, Leverage, Returns	FY18A	FY19A	FY20A	FY21F	FY22F						
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBITDA margin %	(186.7%)	(258.7%)	(191.6%)	(108.6%)	-13%						
Other	(0.1)	0.1	0.0	0.0	0.0	EBIT margin %	(893.4%)	(274.8%)	(197.6%)	(115.2%)	-16%						
Cash flow pre financing	(5.7)	(8.2)	(8.7)	(4.7)	(3.4)	NPAT margin (pre significant items)	(882.9%)	(329.4%)	(197.2%)	(82.6%)	-12%						
Equity	10.5	6.7	13.7	0.0	0.0	Net Debt (Cash)	6.62	5.21	10.00	5.28	1.91						
Debt	(0.1)	0.0	1.1	2.2	2.2	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	n/a	n/a					
Dividends paid	0.0	0.0	0.0	0.0	0.0	ND/ND+Equity (%)	(%)	(43.6%)	(34.8%)	(61.0%)	(33.6%)	(11.1%)					
Net cash flow for year	4.7	(1.5)	6.0	(2.5)	(1.1)	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	n/a					
Balance sheet (A\$m)							ROA	(95.8%)	(32.3%)	(30.2%)	(26.1%)	(8.3%)					
Y/E 30 June	FY18A	FY19A	FY20A	FY21F	FY22F	ROE	(124.4%)	(40.8%)	(32.8%)	(22.2%)	(8.6%)						
Cash	6.6	5.2	11.1	8.6	7.4	ROIC	(162.5%)	(109.5%)	(159.0%)	(124.7%)	(46.8%)						
Accounts receivable	1.3	0.8	2.8	0.9	1.2	NTA (per share)	41.0%	34.4%	27.8%	19.4%	17.8%						
Inventory	0.0	0.0	0.0	0.0	0.0	Working capital	82.8%	35.3%	237.6%	63.1%	94.1%						
Other current assets	0.0	0.2	0.1	0.1	0.1	WC/Sales (%)	31.6%	13.6%	61.3%	9.9%	6.7%						
Total current assets	8.0	6.2	14.1	9.6	8.8	Revenue growth	10.4%	(0.5%)	49.0%	63.8%	122.2%						
PPE	0.2	0.2	0.3	0.4	0.4	EBIT growth pa	n/a	n/a	n/a	n/a	n/a						
Goodwill	0.0	0.0	0.0	0.0	0.0	Pricing	FY18A	FY19A	FY20A	FY21F	FY22F						
Intangibles	14.7	14.9	15.0	16.6	18.2	No of shares (y/e)	(m)	53	59	95	108	108					
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	Weighted Av Dil Shares	(m)	36	59	95	108	108					
Other non current assets	0.0	0.0	0.0	0.0	0.0	EPS Reported	cps	(6.38)	(14.58)	(8.07)	(4.85)	(1.60)					
Total non current assets	14.9	15.2	15.3	17.0	18.6	EPS Normalised/Diluted	cps	(12.98)	(12.21)	(8.07)	(4.85)	(1.60)					
Total Assets	22.9	21.4	29.4	26.6	27.4	EPS growth (norm/dil)	n/a	n/a	n/a	n/a	n/a	nm					
Accounts payable	0.5	0.5	0.5	0.2	0.2	DPS	cps	-	-	-	-	-					
Short term debt	0.0	0.0	1.1	1.1	1.1	DPS Growth	n/a	n/a	n/a	n/a	n/a	n/a					
Tax payable	0.0	0.0	0.0	0.0	0.0	Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					
Deferred revenue	0.5	0.6	1.4	2.0	2.3	Dividend imputation	30	30	30	30	30	30					
Total current liabilities	1.0	1.1	3.0	3.3	3.6	PE (x)	-	-	-	-	-	-					
Long term debt	0.0	0.0	0.0	2.2	4.4	PE market	18	18	18	18	18	18					
Other non current liabs	0.1	0.1	0.1	0.1	0.2	Premium/(discount)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)					
Total long term liabilities	0.1	0.1	0.1	2.3	4.6	EV/EBITDA	(4.8)	(2.0)	(2.7)	(4.2)	-	18.2					
Total Liabilities	1.1	1.2	3.0	5.6	8.2	FCF/Share	cps	(7.3)	(9.6)	(6.2)	(2.4)	-1.1					
Net Assets	21.8	20.2	26.4	21.0	19.2	Price/FCF share	(4.3)	(3.3)	(5.1)	(13.3)	-	29.0					
Share capital	58.1	64.8	78.4	78.4	78.4	Free Cash flow Yield	(23.2%)	(30.5%)	(19.7%)	(7.5%)	(3.4%)						
Accumulated profits/losses	(40.2)	(48.8)	(56.4)	(61.8)	(63.6)												
Reserves	3.9	4.2	4.4	4.4	4.4												
Minorities	0.0	0.0	0.0	0.0	0.0												
Total Shareholder funds	21.8	20.2	26.4	21.0	19.2												

Source: RaaS Advisory

Exhibit 6: Calendar year financial summary

Total Brain (ASX:TTB)						Share price (October 30 2020)						A\$	0.32	
Profit and Loss (A\$m)						Interim (A\$m)								
Y/E December 31	CY18A	CY19A	CY20F	CY21F	CY22F	Revenue	H1CY18A	H2CY18A	H1CY19F	H2CY19A	H1CY20A	H2CY20F		
Revenue	2.7	3.7	4.1	10.0	19.4	Revenue	1.6	1.1	1.5	2.2	1.7	2.4		
Gross profit	2.5	3.1	3.4	8.4	16.3	EBITDA	(5.9)	(4.4)	(3.7)	(3.8)	(3.6)	(4.0)		
GP margin %	93.5%	84.2%	84.7%	84.7%	84.2%	EBIT	(9.3)	(4.5)	(4.0)	(3.9)	(3.7)	(4.2)		
EBITDA	(10.2)	(7.5)	(7.6)	(4.5)	1.8	NPAT (normalised)	(11.0)	(4.5)	(4.1)	(3.9)	(3.7)	(3.0)		
Depn	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)	Minorities	0.0	0.0	0.0	0.0	0.0	0.0		
Amort	(0.2)	(0.3)	(0.2)	(0.4)	(0.4)	NPAT (reported)	(11.0)	(4.5)	(4.1)	(3.9)	(3.7)	(3.0)		
EBIT	(13.9)	(7.9)	(7.9)	(4.9)	1.3	EPS (normalised)	(20.9)	(6.9)	(0.6)	(4.8)	(3.3)	(2.8)		
Interest	0.0	0.0	0.1	(0.0)	(0.3)	EPS (reported)	(20.9)	(6.9)	(0.6)	(4.8)	(3.3)	(2.8)		
Tax	0.0	0.0	1.1	1.4	(0.3)	Dividend (cps)	0.0	0.0	0.0	0.0	0.0	0.0		
Minorities	0.0	0.0	0.0	0.0	0.0	Imputation	30.0	30.0	30.0	30.0	30.0	30.0		
Equity accounted assoc	0.0	0.0	0.0	0.0	0.0	Operating cash flow	(2.2)	(2.3)	(3.4)	(4.3)	(1.7)	(0.6)		
NPAT pre significant items	(15.5)	(8.0)	(6.7)	(3.6)	0.7	Free Cash flow	(0.8)	(1.0)	(2.0)	(3.2)	(0.1)	0.5		
Significant items	0.0	0.0	0.0	0.0	0.0	Divisionals	H1CY18A	H2CY18A	H1CY19A	H2CY19A	H1CY20A	H2CY20F		
NPAT (reported)	(15.5)	(8.0)	(6.7)	(3.6)	0.7	Total Brain - Corporate	0.7	0.9	0.9	1.1	1.2	1.6		
Cash flow (A\$m)						Total Brain Affinity	0.4	-	0.2	0.1	0.3	0.6		
Y/E December 31	CY18A	CY19A	CY20F	CY21F	CY22F	Other revenues	0.5	0.2	0.4	1.0	0.2	0.2		
EBITDA	(10.2)	(7.5)	(7.6)	(4.5)	1.8	Total Revenue	1.5	1.1	1.5	2.2	1.7	2.4		
Interest	0.0	0.0	0.1	(0.0)	(0.3)	Gross profit	1.5	1.0	1.3	1.8	1.4	2.0		
Tax	0.0	0.0	0.0	0.0	(0.4)	Gross Profit Margin %	331%	416%	339%	176%	753%	912%		
Working capital changes	5.7	(0.1)	5.3	1.5	(0.1)	Employment	2.3	2.8	2.7	3.7	3.1	4.2		
Operating cash flow	(4.5)	(7.7)	(2.3)	(3.1)	1.0	Marketing	0.2	0.4	0.4	0.4	0.5	0.5		
Mtce capex	0.0	(0.0)	(0.1)	(0.1)	(0.1)	Other costs	1.3	1.2	1.3	1.5	1.2	1.3		
Free cash flow	(4.5)	(7.7)	(2.4)	(3.2)	0.9	Total costs	3.7	4.4	4.4	5.6	4.8	6.0		
Growth capex	(2.8)	(2.5)	(2.5)	(2.0)	(2.0)	EBITDA	(2.2)	(3.4)	(3.1)	(3.8)	(3.4)	(4.0)		
Acquisitions/Disposals	0.0	0.0	0.0	0.0	0.0	EBITDA margin %	nm	nm	nm	nm	nm	nm		
Other	(0.1)	0.1	0.0	0.0	0.0	Margins, Leverage, Returns	CY18A	CY19A	CY20F	CY21F	CY22F			
Cash flow pre financing	(7.4)	(10.0)	(4.9)	(5.2)	(1.1)	EBITDA margin %	(384.5%)	(204.7%)	(187.5%)	-45%	9%			
Equity	1.2	14.8	5.6	0.0	0.0	EBIT margin %	(521.2%)	(215.3%)	(194.9%)	-49%	7%			
Debt	0.0	0.0	1.1	2.2	2.2	NPAT margin (pre significant items)	(582.8%)	(216.1%)	(165.4%)	-36%	4%			
Dividends paid	0.0	0.0	0.0	0.0	0.0	Net Debt (Cash)		3.27	7.62	8.39	3.23	2.13		
Net cash flow for year	(6.1)	4.7	1.7	(3.0)	1.1	Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	n/a	1.19		
Balance sheet (A\$m)						ND/ND+Equity (%)	(%)	(22.9%)	(46.2%)	(56.6%)	(19.7%)	(11.7%)		
Y/E December 31	CY18A	CY19A	CY20F	CY21F	CY22F	EBIT interest cover (x)	(x)	n/a	n/a	n/a	n/a	20.9%		
Cash	3.3	7.6	10.6	7.7	8.8	ROA	(62.3%)	(36.1%)	(29.9%)	(18.2%)	4.6%			
Accounts receivable	0.5	2.5	0.8	1.0	1.4	ROE	(94.3%)	(38.2%)	(28.4%)	(16.8%)	3.7%			
Inventory	0.0	0.0	0.0	0.0	0.0	ROIC	(102.9%)	(223.5%)	(132.8%)	(101.2%)	21.6%			
Other current assets	0.1	0.3	0.1	0.1	0.1	NTA (per share)		33.0%	41.1%	24.5%	18.1%	18.8%		
Total current assets	3.8	10.4	11.5	8.8	10.3	Working capital		(6.6%)	193.3%	55.3%	75.3%	111.9%		
PPE	0.2	0.2	0.3	0.4	0.4	WC/Sales (%)		(2.5%)	52.4%	13.6%	7.6%	5.8%		
Goodwill	0.0	0.0	0.0	0.0	0.0	Revenue growth		12.3%	38.5%	10.4%	145.0%	94.4%		
Investments	0.0	0.0	0.0	0.0	0.0	EBIT growth pa		n/a	n/a	n/a	n/a	(126.4%)		
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	Pricing		CY18A	CY19A	CY20F	CY21F	CY22F		
Other non current assets	14.5	14.7	15.8	17.4	19.0	No of shares (y/e)	(m)	53	95	108	108	108		
Total non current assets	14.8	15.0	16.2	17.8	19.4	Weighted Av Dil Shares	(m)	590	95	108	108	108		
Total Assets	18.6	25.4	27.7	26.6	29.7	EPS Reported	cps	(29.19)	(9.31)	(6.73)	(3.33)	0.69		
Accounts payable	0.5	0.6	0.2	0.2	0.2	EPS Normalised/Diluted	cps	(29.19)	(9.31)	(6.73)	(3.33)	0.69		
Short term debt	0.0	0.0	1.1	1.1	1.1	EPS growth (norm/dil)		n/a	n/a	n/a	n/a	-121%		
Tax payable	0.0	0.0	0.0	0.0	0.0	DPS	cps	-	-	-	-	-		
Deferred revenue	0.4	0.6	2.0	2.2	2.4	DPS Growth		n/a	n/a	n/a	n/a	n/a		
Total current liabilities	0.9	1.1	3.3	3.6	3.7	Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%		
Long term debt	0.0	0.0	1.1	3.3	5.5	Dividend imputation		30	30	30	30	30		
Other non current liabs	0.1	0.1	0.1	0.1	0.1	PE (x)		-	-	-	-	45.8		
Total long term liabilities	0.1	0.1	1.2	3.4	5.6	PE market		18	18	18	18	18		
Total Liabilities	1.0	1.2	4.5	7.0	9.3	Premium/(discount)			(100.0%)	(100.0%)	(100.0%)	154.3%		
Net Assets	17.5	24.1	23.2	19.6	20.4	EV/EBITDA		(2.3)	(3.3)	(3.2)	-	6.4	18.0	
Share capital	58.1	72.6	78.4	78.4	78.4	FCF/Share	cps	(7.3)	(5.9)	(5.4)	-2.4	-1.1		
Accumulated profits/losses	(44.8)	(52.7)	(59.6)	(63.2)	(62.4)	Price/FCF share		(4.3)	(5.3)	(5.8)	-	13.3	-	29.0
Reserves	4.2	4.3	4.4	4.4	4.4	Free Cash flow Yield		(23.2%)	(18.8%)	(17.2%)	(7.5%)	(3.4%)		
Minorities	0.0	0.0	0.0	0.0	0.0									
Total Shareholder funds	17.5	24.1	23.2	19.6	20.4									

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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 - Securities

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